

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature	Printed Name		License Number	

TOWNSHIP OF ROSE

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2006

TOWNSHIP OF ROSE

TOWNSHIP OFFICIALS

Supervisor - Chester Koop
Treasurer - Susan Slaughter
Clerk - Alison Kalcec

TOWNSHIP BOARD

David Gordon
Alison Kalcec
Chester Koop
Susan Slaughter
Donald Walls

TOWNSHIP ATTORNEY

John D. Mulvihill, PLLC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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September 28, 2006

Board of Trustees
Township of Rose
204 Franklin Street
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of and for the year ended June 30, 2006, which collectively comprise the Township of Rose's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Rose's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 8 through 13 and 34 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Rose's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2006

Within this section of Rose Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2006. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various nonfinancial factors as well.

The second government-wide statement is the Statement of Activities. This report demonstrates how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and state revenue sharing. Governmental activities include such activities as general government, public safety, and planning and zoning. Fiduciary activities, as reported in the current tax fund and trust and agency funds are not included in the government-wide statements since these assets are not available to fund Township programs or activities.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is reflected in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the prior fiscal year ended June 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year was \$ 2,078,119. This is a \$ 61,720 increase over last year's net assets of \$ 2,016,399.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-06</u>	<u>6-30-05</u>
Current and other assets	\$ 1,705,152	\$ 1,888,475
Capital assets	<u>444,927</u>	<u>182,693</u>
Total assets	<u>2,150,079</u>	<u>2,071,168</u>
Current liabilities	<u>71,960</u>	<u>54,769</u>
Net assets:		
Invested in capital assets, net of related debt	444,927	182,693
Reserved	550,268	615,786
Unreserved	<u>1,082,924</u>	<u>1,217,920</u>
Total net assets	<u>\$ 2,078,119</u>	<u>\$ 2,016,399</u>

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>6-30-06</u>	<u>6-30-05</u>
REVENUES		
Program revenues		
Charges for services	\$ 312,704	\$ 289,430
Operating grants and contributions	36,947	54,519
General revenues		
State shared revenues	427,054	417,873
Property taxes	553,662	524,385
Other	<u>47,393</u>	<u>56,942</u>
Total revenues	<u>1,377,760</u>	<u>1,343,149</u>
EXPENSES		
General government	676,842	695,340
Public safety	380,054	307,422
Public works	225,201	209,706
Parks and recreation	4,854	4,809
Community development	<u>29,089</u>	<u>31,760</u>
Total expenses	<u>1,316,040</u>	<u>1,249,037</u>
INCREASE IN NET ASSETS BEFORE TRANSFERS	61,720	94,112
BEGINNING NET ASSETS	<u>2,016,399</u>	<u>1,922,287</u>
ENDING NET ASSETS	<u>\$ 2,078,119</u>	<u>\$ 2,016,399</u>

The Township's net assets have increased \$61,720 overall for the year ended June 30, 2006. This is consistent with the Township's financial statements for the last six years.

Financial Analysis of the Township's Funds

The General Fund's fund balance increased by \$71,962 for the year ended June 30, 2006. This amount was net of transfers of \$18,000 made to the Infrastructure and the Fire Fund. Amounts are similar to the prior years in which revenues are primarily derived from state shared revenues and property taxes, and expenditures are generally for basic township operations and road improvements.

The Township had a total of five major funds which are:

1. General Fund
2. Fire Fund
3. Fish Lake Weed Control Fund
4. Tipsico Lake Fund
5. Infrastructure Fund

The aforementioned funds, with the exception of the Infrastructure Fund, had very little variance from the prior year operations. As in past years, the General Fund transferred monies over to the Infrastructure Fund and Fire Fund of \$9,000 and \$9,000 respectively. As explained in more detail below the Township purchased a building to house a new township hall with monies in the Infrastructure Fund.

General Fund Budgetary Highlights

The Township adopted its budget prior to the beginning of the fiscal year ended June 30, 2006. During the year the budget was amended to reflect changes in estimated revenues and expenditures for the year.

Actual expenditures exceeded budget appropriations in one activity:

Tipsico Lake Maintenance	\$ 14,316
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Amendments made during the year were insignificant except in one activity. The Infrastructure Fund budget was increased by \$220,000 to reflect the decision to purchase a new building to house the township's operations.

The Township acquired some additional capital assets in the current fiscal period which were:

- \$238,195 for land and building to house general township operations.
- \$36,798 for new accounting software package.

Total depreciation expense allocated to governmental fund activities totaled \$12,759.

The Township did not incur any debt such as bond sales, loans etc. during the year.

Economic Conditions and Future Activities

Given the continued slow recovery of the economy, the Township continues to anticipate further future reductions in state shared revenues. The Township also participates in various grants for community services and infrastructure development. These grant activities were included in the financial statements for the year ended June 30, 2006 and are continuing into the next fiscal period.

The Township is in the process of renovating the new Township Hall. Management believes the total cost of the needed renovations will be approximately \$200,000.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Rose 204 Franklin St., Holly, MI 48442.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT - WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,538,047
Receivables	
State shared revenues	139,054
Other accounts receivable	28,051
Capital assets, net of depreciation:	
Land	151,467
Building and improvements	46,280
Machinery and equipment	126,599
Construction in progress	218,578
Less: accumulated depreciation	<u>(97,997)</u>
Total assets	<u>2,150,079</u>
LIABILITIES	
Accounts payable	<u>71,960</u>
NET ASSETS	
Investment in capital assets	444,927
Reserved for:	
Fire protection	333,880
Public works	179,710
Library	36,678
Unreserved	<u>1,082,924</u>
Total net assets	<u>\$ 2,078,119</u>

The accompanying notes are an integral part of the financial statements.

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Net Governmental Activities
GOVERNMENTAL ACTIVITIES				
General government	\$ (676,842)	\$ 200,856	\$ 18,843	\$ (457,143)
Fire protection	(380,054)			(380,054)
Public works	(204,230)	92,288		(111,942)
Cemetery	(20,971)	19,560		(1,411)
Parks and recreation	(4,854)			(4,854)
Community development	(29,089)		18,104	(10,985)
Total governmental activities	<u>\$ (1,316,040)</u>	<u>\$ 312,704</u>	<u>\$ 36,947</u>	<u>(966,389)</u>
General Revenues:				
Property taxes, levied for general purpose				553,662
State shared revenues				427,054
Interest income				46,550
Other revenues				<u>843</u>
Total general revenues				<u>1,028,109</u>
Change in net assets				61,720
Net assets, July 1, 2005				<u>2,016,399</u>
Net assets, June 30, 2006				<u>\$ 2,078,119</u>

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FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Fish Lake Weed Control Fund</u>	<u>Tipsico Lake Fund</u>
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 861,205	\$ 296,920	\$ 18,277	\$ 121,444
Receivables				
State shared revenues	139,054			
Accounts - other	23,984			
Due from other funds	<u>8,642</u>	<u>36,960</u>	<u> </u>	<u> </u>
Total assets	<u>\$1,032,885</u>	<u>\$ 333,880</u>	<u>\$ 18,277</u>	<u>\$ 121,444</u>
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 31,601	\$	\$ 13,325	\$ 23,500
Due to other funds	<u>55,484</u>	<u> </u>	<u>400</u>	<u> </u>
Total liabilities	<u>87,085</u>	<u> </u>	<u>13,725</u>	<u>23,500</u>
FUND BALANCES				
Unreserved	945,800			
Reserved	<u> </u>	<u>333,880</u>	<u>4,552</u>	<u>97,944</u>
Total fund balances	<u>945,800</u>	<u>333,880</u>	<u>4,552</u>	<u>97,944</u>
Total liabilities and fund balances	<u>\$1,032,885</u>	<u>\$ 333,880</u>	<u>\$ 18,277</u>	<u>\$ 121,444</u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

<u>Infrastructure Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
\$ 15,558	\$ 224,643	\$1,538,047
		139,054
	2,911	26,895
<u>16,716</u>	<u>1,808</u>	<u>64,126</u>
<u>\$ 32,274</u>	<u>\$ 229,362</u>	<u>\$1,768,122</u>

\$	\$ 3,534	\$ 71,960
<u> </u>	<u>7,086</u>	<u>62,970</u>
<u> </u>	<u>10,620</u>	<u>134,930</u>

32,274	104,850	1,082,924
<u> </u>	<u>113,892</u>	<u>550,268</u>
<u>32,274</u>	<u>218,742</u>	<u>1,633,192</u>
<u>\$ 32,274</u>	<u>\$ 229,362</u>	<u>\$1,768,122</u>

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2006

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

Total fund balance per balance sheet		\$ 1,633,192
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Historical cost	\$ 542,924	
Depreciation	<u>(97,997)</u>	
Capital assets net of depreciation		<u>444,927</u>
Net assets of governmental activities		<u>\$ 2,078,119</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Fish Lake Weed Control Fund</u>
REVENUES			
Taxes	\$ 239,986	\$ 313,676	\$
Special assessments			16,277
State shared revenues	427,054		
Grant income	18,843		
Licenses and permits	30,655		
Charges for services	73,404		
Interest	30,601	8,611	94
Miscellaneous	<u>843</u>	<u></u>	<u></u>
Total revenues	<u>821,386</u>	<u>322,287</u>	<u>16,371</u>
EXPENDITURES			
General government	624,409		
Fire protection		380,054	
Community development	10,985		
Parks and recreation	3,714		
Public works	<u>92,316</u>	<u></u>	<u>14,145</u>
Total expenditures	<u>731,424</u>	<u>380,054</u>	<u>14,145</u>
Excess of revenues over (under) expenditures	<u>89,962</u>	<u>(57,767)</u>	<u>2,226</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		9,000	
Transfers out	<u>(18,000)</u>	<u></u>	<u></u>
Total other financing sources (uses)	<u>(18,000)</u>	<u>9,000</u>	<u></u>
Net changes in fund balances	71,962	(48,767)	2,226
FUND BALANCE, JULY 1, 2005	<u>873,838</u>	<u>382,647</u>	<u>2,326</u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 945,800</u>	<u>\$ 333,880</u>	<u>\$ 4,552</u>

The accompanying notes are an integral part of the financial statements.

<u>Tipsico Lake Fund</u>	<u>Infrastructure Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
\$ 46,051	\$	\$ 29,960	\$ 553,662
			92,288
			427,054
		18,104	36,947
	7,682	89,115	127,452
		19,560	92,964
1,115	3,347	2,782	46,550
			843
<u>47,166</u>	<u>11,029</u>	<u>159,521</u>	<u>1,377,760</u>
	227,919	88,428	940,756
			380,054
		18,104	29,089
			3,714
<u>74,416</u>		<u>43,784</u>	<u>224,661</u>
<u>74,416</u>	<u>227,919</u>	<u>150,316</u>	<u>1,578,274</u>
<u>(27,250)</u>	<u>(216,890)</u>	<u>9,205</u>	<u>(200,514)</u>
	9,000		18,000
			(18,000)
	<u>9,000</u>		
(27,250)	(207,890)	9,205	(200,514)
<u>125,194</u>	<u>240,164</u>	<u>209,537</u>	<u>1,833,706</u>
<u>\$ 97,944</u>	<u>\$ 32,274</u>	<u>\$ 218,742</u>	<u>\$ 1,633,192</u>

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (200,514)
--	--------------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 274,993
Depreciation expense	<u>(12,759)</u>
Total	<u>262,234</u>

Sale of capital assets are recorded as revenues to governmental funds, but are recorded as a net gain/loss on disposal in the Statement of Activities:

Historical cost of assets disposed	16,500
Accumulated depreciation of disposed asset	<u>(16,500)</u>

Total	<u> </u>
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Change in net assets - governmental activities	<u><u>\$ 61,720</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2006

ASSETS

ASSETS			
Cash and investments	\$	63,598	
Due from other funds		<u>454</u>	
Total assets			<u>\$ 64,052</u>

LIABILITIES

LIABILITIES			
Due to other funds	\$	1,156	
Performance bonds		<u>62,896</u>	
Total liabilities			<u>\$ 64,052</u>

The accompanying notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Rose conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the activity associated with contracting for fire protection services. This fund is supported by property taxes approved from a separately voted millage.

The Fish Lake Weed Control Fund accounts for the activities related to the maintenance of the area surrounding Fish Lake. The residents benefiting from this maintenance are assessed amounts related to the cost of the maintenance.

The Tipsico Lake Fund accounts for the activities related to the maintenance of the area surrounding Tipsico Lake. The residents benefiting from this maintenance are assessed amounts related to the cost of the maintenance.

The Infrastructure Fund accounts for the activities related to the transfers made by the General fund to provide for future capital improvement projects.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and capital projects funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2005 levy was assessed at an adjusted taxable value of \$226,087,360. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General Township	1.0374
Fire	<u>1.3886</u>
Total millage	<u><u>2.4260</u></u>

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

H. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less to be cash equivalents.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Rose as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 1	Williams Drive Maintenance Fund	\$ 1
General Fund	4,576	Cemetery Fund	4,576
General Fund	2,423	Building Inspection Fund	2,423
General Fund	648	Trust and Agency Fund	648
General Fund	508	Current Tax Fund	508
General Fund	400	Fish Lake Maintenance Fund	400
General Fund	86	Holly Shores Lighting Fund	86
Fire Fund	36,960	General Fund	36,960
Big Trail Maintenance Fund	486	General Fund	486
PEG Fund	1,322	General Fund	1,322
Infrastructure Fund	<u>16,716</u>	General Fund	<u>16,716</u>
	<u>\$ 64,126</u>		<u>\$ 64,126</u>

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Township participates in the John Hancock Defined Contribution Pension Plan Group No. 89571 for Michigan Township employees. This is a single-employer plan. All full-time employees are eligible to participate in the plan. The Township contributes 10% of participant's compensation, while an employee may contribute 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of July 1, preceding the year. Contribution information is as follows:

TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS	\$ <u>22,417</u>
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This balance reflects contributions for the period from July 1, 2005 to June 30, 2006. The current year employee and employer contribution for the year ended June 30, 2006, was \$29,248. Interest has been credited to June 30, 2006.

NOTE 5 - POST-EMPLOYMENT BENEFITS

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2006 there were 3 individuals receiving these benefits. There are 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. The above policy was eliminated in 2003 to stop the benefit for all new employees.

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2006 was \$21,922. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance 7/1/05	Additions	Deletions	Balance 6/30/06
Land	\$ 129,850	\$ 21,617	\$	\$ 151,467
Buildings and improvements	46,280			46,280
Machinery and equipment	106,301	36,798	16,500	126,599
New Township Hall - preliminary costs	<u>2,000</u>	<u>216,578</u>	<u></u>	<u>218,578</u>
Total capital assets	284,431	274,993	16,500	542,924
Accumulated depreciation	<u>(101,738)</u>	<u>(12,759)</u>	<u>(16,500)</u>	<u>(97,997)</u>
Governmental activities capital asset, net	<u>\$ 182,693</u>	<u>\$ 262,234</u>	<u>\$</u>	<u>\$ 444,927</u>

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

Cemetery	\$ 540
General government	11,079
Parks and recreation	<u>1,140</u>
	<u>\$ 12,759</u>

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$ -0-	\$ 300,000	\$ 300,000
Uninsured and uncollateralized	<u>1,238,047</u>	<u>63,598</u>	<u>1,301,645</u>	<u>1,347,270</u>
Total deposits	<u>\$ 1,538,047</u>	<u>\$ 63,598</u>	<u>\$ 1,601,645</u>	<u>\$ 1,647,270</u>

NOTE 8 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 233,650	\$ 238,725	\$ 239,986	\$ 1,261
State shared revenues	435,000	426,000	427,054	1,054
Licenses and permits	27,250	29,475	30,655	1,180
Charges for services	79,650	72,325	73,404	1,079
Other revenues	62,475	68,825	50,287	(18,538)
Total revenues	838,025	835,350	821,386	(13,964)
EXPENDITURES				
Township board	15,025	14,865	13,198	1,667
Supervisor	41,360	44,260	44,231	29
Elections	8,825	20,625	8,778	11,847
Assessor	32,120	33,020	33,006	14
Clerk	88,030	99,425	97,691	1,734
Board of review	1,950	1,800	1,615	185
Treasurer	103,630	111,980	108,465	3,515
Building and grounds	17,075	35,725	34,093	1,632
Unallocated	253,600	205,400	191,884	13,516
Ordinance enforcement	28,400	29,700	28,516	1,184
Planning commission	92,800	69,000	61,904	7,096
Zoning board of appeals	1,950	1,800	1,028	772
Public works	109,200	94,635	92,316	2,319
Senior citizens	2,000	2,000	750	1,250
Community promotion	3,625	3,625	3,625	
Parks and recreation	4,800	4,300	3,714	586
Library	6,610	6,650	6,610	40
Total expenditures	811,000	778,810	731,424	47,386
Excess of revenues over (under) expenditures	27,025	56,540	89,962	33,422
OTHER FINANCING (USES)				
Transfers (out)	(27,000)	(18,000)	(18,000)	
Net changes in fund balance	25	38,540	71,962	33,422
FUND BALANCE, JULY 1, 2005	873,838	873,838	873,838	
FUND BALANCE, JUNE 30, 2006	\$ 873,863	\$ 912,378	\$ 945,800	\$ 33,422

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$	\$	\$ 313,676	\$
Interest income			8,611	
Total revenues	315,000	324,500	322,287	(2,213)
EXPENDITURES				
Contractual services and maintenance	380,000	380,100	380,054	46
Excess of revenues over (under) expenditures	(65,000)	(55,600)	(57,767)	(2,167)
OTHER FINANCING SOURCES				
Transfer in	9,000	9,000	9,000	
Net changes in fund balance	(56,000)	(46,600)	(48,767)	(2,167)
FUND BALANCE, JULY 1, 2005	382,647	382,647	382,647	
FUND BALANCE, JUNE 30, 2006	<u>\$ 326,647</u>	<u>\$ 336,047</u>	<u>\$ 333,880</u>	<u>\$ (2,167)</u>

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Right of way fees	\$	\$	\$ 7,682	\$
Interest income			3,347	
Total revenues	14,200	10,700	11,029	329
EXPENDITURES				
Telecom act			9,500	
Capital outlay			218,419	
Total expenditures	9,500	229,900	227,919	1,981
Excess of revenues over (under) expenditures	4,700	(219,200)	(216,890)	2,310
OTHER FINANCING SOURCES				
Transfer in		9,000	9,000	
Net changes in fund balance	4,700	(210,200)	(207,890)	2,310
FUND BALANCE, JULY 1, 2005	240,164	240,164	240,164	
FUND BALANCE, JUNE 30, 2006	<u>\$ 244,864</u>	<u>\$ 29,964</u>	<u>\$ 32,274</u>	<u>\$ 2,310</u>

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Special assessments	\$	\$	\$ 16,277	\$
Interest			94	
Total revenues	16,040	16,520	16,371	(149)
EXPENDITURES				
Weed control projects	16,000	16,480	14,145	2,335
Excess of revenues over (under) expenditures	40	40	2,226	2,186
FUND BALANCE, JULY 1, 2005	2,326	2,326	2,326	
FUND BALANCE, JUNE 30, 2006	\$ 2,366	\$ 2,366	\$ 4,552	\$ 2,186

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Budgets		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Special assessments	\$	\$	\$ 46,051	\$
Interest income			1,115	
Total revenues	21,400	47,000	47,166	166
EXPENDITURES				
Maintenance	60,100	60,100	74,416	(14,316)
Excess of revenues over (under) expenditures	(38,700)	(13,100)	(27,250)	(14,150)
FUND BALANCE, JULY 1, 2005	125,194	125,194	125,194	
FUND BALANCE, JUNE 30, 2006	\$ 86,494	\$ 112,094	\$ 97,944	\$ (14,150)

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006

	<u>Fire</u>	<u>Building Inspection</u>	<u>Big Trail Road</u>	<u>Williams Road</u>
<u>ASSETS</u>				
ASSETS				
Cash and investments	\$ 296,920	\$ 25,508	\$ 6,010	\$ 4,041
Accounts receivable - cable				
Due From other funds	<u>36,960</u>	<u> </u>	<u>486</u>	<u> </u>
Total assets	<u>\$ 333,880</u>	<u>\$ 25,508</u>	<u>\$ 6,496</u>	<u>\$ 4,041</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$	\$ 1,924	\$	\$ 150
Due to other funds	<u> </u>	<u>2,423</u>	<u> </u>	<u>1</u>
Total liabilities	<u> </u>	<u>4,347</u>	<u> </u>	<u>151</u>
FUND BALANCE				
Reserved for endowment				
Reserved for public works			6,496	3,890
Reserved for fire protection	333,880			
Unreserved	<u> </u>	<u>21,161</u>	<u> </u>	<u> </u>
Total fund balance	<u>333,880</u>	<u>21,161</u>	<u>6,496</u>	<u>3,890</u>
Total liabilities and fund balance	<u>\$ 333,880</u>	<u>\$ 25,508</u>	<u>\$ 6,496</u>	<u>\$ 4,041</u>

<u>Fish Lake Weed Control</u>	<u>Tipsico Lake</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>	<u>Lake Braemar</u>	<u>Street Lighting</u>	<u>Totals</u>
\$ 18,277	\$ 121,444	\$ 46,461	\$ 75,049 2,911 1,322	\$	\$ 66,598	\$ 976	\$ 661,284 2,911 38,768
<u>\$ 18,277</u>	<u>\$ 121,444</u>	<u>\$ 46,461</u>	<u>\$ 79,282</u>	<u>\$</u>	<u>\$ 66,598</u>	<u>\$ 976</u>	<u>\$ 702,963</u>
\$ 13,325 400	\$ 23,500	\$ 800 4,576	\$	\$	\$ 575	\$ 85 86	\$ 40,359 7,486
<u>13,725</u>	<u>23,500</u>	<u>5,376</u>			<u>575</u>	<u>171</u>	<u>47,845</u>
4,552	97,944	36,678			66,023	805	36,678 179,710 333,880 104,850
<u>4,552</u>	<u>97,944</u>	<u>4,407</u>	<u>79,282</u>				<u>655,118</u>
<u>4,552</u>	<u>97,944</u>	<u>41,085</u>	<u>79,282</u>		<u>66,023</u>	<u>805</u>	<u>655,118</u>
<u>\$ 18,277</u>	<u>\$ 121,444</u>	<u>\$ 46,461</u>	<u>\$ 79,282</u>	<u>\$</u>	<u>\$ 66,598</u>	<u>\$ 976</u>	<u>\$ 702,963</u>

TOWNSHIP OF ROSE
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006

	<u>Current Tax Collection</u>	<u>Trust and Agency</u>	<u>Totals</u>
ASSET			
Cash and investments	\$ 508	\$ 63,090	\$ 63,598
Due from others	<u> </u>	<u>454</u>	<u>454</u>
Total assets	<u>\$ 508</u>	<u>\$ 63,544</u>	<u>\$ 64,052</u>
 LIABILITIES			
Due to other funds	\$ 508	\$ 648	\$ 1,156
Performance bonds	<u> </u>	<u>62,896</u>	<u>62,896</u>
Total liabilities	<u>\$ 508</u>	<u>\$ 63,544</u>	<u>\$ 64,052</u>

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Fire</u>	<u>Building Inspection</u>	<u>Big Trail Road</u>	<u>Williams Drive</u>
REVENUES				
Property taxes	\$ 313,676	\$	\$	\$
Business licenses and permits		78,345		
Special assessments			7,430	4,540
Franchise fees				
Lot sales and transfers				
Grant revenue				
Interest	<u>8,611</u>	<u>275</u>	<u>72</u>	<u>17</u>
Total revenues	<u>322,287</u>	<u>78,620</u>	<u>7,502</u>	<u>4,557</u>
EXPENDITURES				
Fire protection	380,054			
Ordinance enforcement		83,142		
Road maintenance			5,062	667
Lake maintenance				
Cemetery maintenance				
Community development				
Street lighting	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>380,054</u>	<u>83,142</u>	<u>5,062</u>	<u>667</u>
Excess of revenues over (under) expenditures	(57,767)	(4,522)	2,440	3,890
OTHER FINANCING SOURCES				
Transfers in	<u>9,000</u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	(48,767)	(4,522)	2,440	3,890
FUND BALANCE, JULY 1, 2005	<u>382,647</u>	<u>25,683</u>	<u>4,056</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 333,880</u>	<u>\$ 21,161</u>	<u>\$ 6,496</u>	<u>\$ 3,890</u>

<u>Fish Lake Weed Control</u>	<u>Tipsico Lake</u>	<u>Cemetery</u>	<u>Cable PEG</u>	<u>Community Development</u>	<u>Lake Braemar</u>	<u>Street Lighting</u>	<u>Totals</u>
\$	\$	\$	\$	\$	\$	\$	\$ 313,676
16,277	46,051				17,040	950	78,345
			10,770				92,288
		19,560					10,770
				18,104			19,560
94	1,115	1,740			670	8	18,104
<u>16,371</u>	<u>47,166</u>	<u>21,300</u>	<u>10,770</u>	<u>18,104</u>	<u>17,710</u>	<u>958</u>	<u>12,602</u>
							545,345
							380,054
							83,142
							5,729
14,145	74,416				16,630		105,191
		20,431					20,431
			5,286	18,104			23,390
						994	994
<u>14,145</u>	<u>74,416</u>	<u>20,431</u>	<u>5,286</u>	<u>18,104</u>	<u>16,630</u>	<u>994</u>	<u>618,931</u>
2,226	(27,250)	869	5,484		1,080	(36)	(73,586)
							9,000
2,226	(27,250)	869	5,484		1,080	(36)	(64,586)
<u>2,326</u>	<u>125,194</u>	<u>40,216</u>	<u>73,798</u>		<u>64,943</u>	<u>841</u>	<u>719,704</u>
<u>\$ 4,552</u>	<u>\$ 97,944</u>	<u>\$ 41,085</u>	<u>\$ 79,282</u>	<u>\$</u>	<u>\$ 66,023</u>	<u>\$ 805</u>	<u>\$ 655,118</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF ROSE
GENERAL FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments	\$ 861,205	
Accounts receivable	23,984	
State shared revenues receivable	139,054	
Due from other funds	<u>8,642</u>	
Total assets		<u>\$ 1,032,885</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 31,601	
Due to other funds	<u>55,484</u>	
Total liabilities		\$ 87,085

FUND BALANCE

Undesignated		<u>945,800</u>
Total liabilities and fund balance		<u>\$ 1,032,885</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 238,725	\$ 239,986	\$ 1,261
State shared revenues	426,000	427,054	1,054
Licenses and permits	29,475	30,655	1,180
Charges for services	72,325	73,404	1,079
Other revenues	<u>68,825</u>	<u>50,287</u>	<u>(18,538)</u>
Total revenues	<u>835,350</u>	<u>821,386</u>	<u>(13,964)</u>
EXPENDITURES			
Township board	14,865	13,198	1,667
Supervisor	44,260	44,231	29
Elections	20,625	8,778	11,847
Assessor	33,020	33,006	14
Clerk	99,425	97,691	1,734
Board of review	1,800	1,615	185
Treasurer	111,980	108,465	3,515
Building and grounds	35,725	34,093	1,632
Unallocated	205,400	191,884	13,516
Ordinance enforcement	29,700	28,516	1,184
Planning commission	69,000	61,904	7,096
Zoning board of appeals	1,800	1,028	772
Public works	94,635	92,316	2,319
Senior citizens	2,000	750	1,250
Community promotion	3,625	3,625	
Parks and recreation	4,300	3,714	586
Library	<u>6,650</u>	<u>6,610</u>	<u>40</u>
Total expenditures	<u>778,810</u>	<u>731,424</u>	<u>47,386</u>
Excess of revenues over expenditures	56,540	89,962	33,422
OTHER FINANCING (USES)			
Transfer (out)	<u>(18,000)</u>	<u>(18,000)</u>	
Net changes in fund balance	38,540	71,962	33,422
FUND BALANCE, JULY 1, 2005	<u>873,838</u>	<u>873,838</u>	
FUND BALANCE, JUNE 30, 2006	<u>\$ 912,378</u>	<u>\$ 945,800</u>	<u>\$ 33,422</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	Amended Budget	Actual	Variance Favorable (Unfavorable)
PROPERTY TAXES	\$ 238,725	\$ 239,986	\$ 1,261
STATE SHARED REVENUES	426,000	427,054	1,054
LICENSES AND PERMITS			
Dog licenses		338	
Cable franchise fees		30,317	
Total licenses and permits	29,475	30,655	1,180
CHARGES FOR SERVICES			
Election reimbursements		4,166	
Pest control		332	
Planning commission		6,450	
Passports		810	
Board of appeals		1,100	
Tower rental		48,847	
Other charges for services		1,082	
Tax collection fees		10,617	
Total charges for services	72,325	73,404	1,079
OTHER REVENUES			
Infrastructure grant		18,843	
Interest		30,601	
Fines		357	
Miscellaneous		486	
Total other revenues	68,825	50,287	(18,538)
Total revenues	\$ 835,350	\$ 821,386	\$ (13,964)

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Per diems	\$	\$ 5,300	\$
Health insurance		6,945	
Payroll taxes		413	
Pension		<u>540</u>	
Total township board	<u>14,865</u>	<u>13,198</u>	<u>1,667</u>
SUPERVISOR			
Salary		41,210	
Payroll taxes		<u>3,021</u>	
Total supervisor	<u>44,260</u>	<u>44,231</u>	<u>29</u>
ELECTIONS			
Supplies		2,299	
School election supplies		4,166	
Postage		608	
Contracted services		118	
Training and memberships		984	
Mileage		183	
Repairs		345	
Small equipment		<u>75</u>	
Total elections	<u>20,625</u>	<u>8,778</u>	<u>11,847</u>
ASSESSOR			
Salaries		30,320	
Clerical services		2,034	
Payroll taxes		46	
Supplies		<u>606</u>	
Total assessor	<u>33,020</u>	<u>33,006</u>	<u>14</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CLERK			
Salary		41,210	
Deputy clerk		28,445	
Health insurance		15,666	
Payroll taxes		5,250	
Pension		6,966	
Supplies		95	
Mileage		59	
	<u> </u>	<u> </u>	<u> </u>
Total clerk	<u>99,425</u>	<u>97,691</u>	<u>1,734</u>
BOARD OF REVIEW			
Salaries		1,500	
Payroll taxes		115	
	<u> </u>	<u> </u>	<u> </u>
Total board of review	<u>1,800</u>	<u>1,615</u>	<u>185</u>
TREASURER			
Salary		41,210	
Deputy treasurer		22,961	
Health insurance		32,314	
Payroll taxes		4,704	
Pension		6,417	
Supplies		405	
Mileage		454	
	<u> </u>	<u> </u>	<u> </u>
Total treasurer	<u>111,980</u>	<u>108,465</u>	<u>3,515</u>
BUILDINGS AND GROUNDS			
Salary		5,022	
Payroll taxes		368	
Supplies		93	
Mileage		4,862	
Utilities		43	
Repairs		3,929	
Environmental assessment		19,776	
	<u> </u>	<u> </u>	<u> </u>
Total building and grounds	<u>35,725</u>	<u>34,093</u>	<u>1,632</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
UNALLOCATED			
Salaries		500	
Payroll taxes		743	
Health insurance		22,120	
Retirement		1,197	
Supplies		3,528	
Summer tax collection		3,372	
Mailing expense		1,158	
Audit fees		6,615	
Ordinance codification		7,980	
Computer services		6,675	
Attorney fees		30,905	
Cable consultant		356	
Dues and subscriptions		7,382	
Telephone		11,066	
Printing and publishing		4,865	
Insurance and bonds		35,561	
Prescription reimbursement		2,351	
Miscellaneous		36	
Repairs and maintenance		2,613	
Tax chargeback		5,988	
Capital outlay		<u>36,873</u>	
Total unallocated	<u>205,400</u>	<u>191,884</u>	<u>13,516</u>
ORDINANCE ENFORCEMENT			
Constable		10,000	
Zoning enforcement		10,000	
Health insurance		4,678	
Payroll taxes		1,659	
Pension		2,000	
Mileage		<u>179</u>	
Total ordinance enforcement	<u>29,700</u>	<u>28,516</u>	<u>1,184</u>
PLANNING COMMISSION			
Salaries		33,175	
Health insurance		1,850	
Payroll taxes		2,579	
Retirement		2,980	
Supplies		9	
Planning services		17,695	
Infrastructure projects		<u>3,616</u>	
Total planning commission	<u>69,000</u>	<u>61,904</u>	<u>7,096</u>

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ZONING BOARD OF APPEALS			
Salaries		750	
Payroll taxes		57	
Legal fees		<u>221</u>	
Total zoning board of appeals	<u>1,800</u>	<u>1,028</u>	<u>772</u>
PUBLIC WORKS			
Street lighting		2,912	
Recycling		2,051	
Clean-up day		15,037	
Utilities		48	
Pest control program		332	
Road maintenance		71,111	
Infrastructure projects		<u>825</u>	
Total public works	<u>94,635</u>	<u>92,316</u>	<u>2,319</u>
SENIOR CITIZENS	<u>2,000</u>	<u>750</u>	<u>1,250</u>
COMMUNITY PROMOTION			
Youth assistance	<u>3,625</u>	<u>3,625</u>	
PARKS AND RECREATION			
Repairs	<u>4,300</u>	<u>3,714</u>	<u>586</u>
LIBRARY			
Library services	<u>6,650</u>	<u>6,610</u>	<u>40</u>
Total expenditures	<u>\$ 778,810</u>	<u>\$ 731,424</u>	<u>\$ 47,386</u>

FIRE
FUND

TOWNSHIP OF ROSE
FIRE FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments
Due from other funds

\$ 296,920
36,960

Total assets

\$ 333,880

FUND BALANCE

FUND BALANCE

\$ 333,880

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	\$	\$ 313,676	\$
Interest income	<u> </u>	<u>8,611</u>	<u> </u>
Total revenues	<u>324,500</u>	<u>322,287</u>	<u>(2,213)</u>
EXPENDITURES			
Contractual services		379,968	
Repairs and maintenance	<u> </u>	<u>86</u>	<u> </u>
Total expenditures	<u>380,100</u>	<u>380,054</u>	<u>46</u>
Excess of revenues over (under) expenditures	(55,600)	(57,767)	(2,167)
OTHER FINANCING SOURCES			
Transfer in	<u>9,000</u>	<u>9,000</u>	<u> </u>
Net changes in fund balance	(46,600)	(48,767)	(2,167)
FUND BALANCE, JULY 1, 2005	<u>382,647</u>	<u>382,647</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 336,047</u>	<u>\$ 333,880</u>	<u>\$ (2,167)</u>

BUILDING
INSPECTION
FUND

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and cash equivalents	<u>\$ 25,508</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,924
Due to other funds	<u>2,423</u>

Total liabilities	\$ 4,347
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FUND BALANCE

<u>21,161</u>

Total liabilities and fund balance	<u>\$ 25,508</u>
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TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Business licenses and permits	\$	\$ 78,345	\$
Interest income	<u> </u>	<u>275</u>	<u> </u>
Total revenues	<u>78,450</u>	<u>78,620</u>	<u>170</u>
EXPENDITURES			
Salaries		30,855	
Payroll taxes		2,616	
Health insurance		8,762	
Retirement		3,085	
Supplies		320	
Postage		90	
Audit fees		735	
Inspection fees		26,447	
Office overhead		2,400	
Dues and subscriptions		836	
Telephone		2,996	
Mileage		3,697	
Prescription reimbursement	<u> </u>	<u>303</u>	<u> </u>
Total expenditures	<u>85,630</u>	<u>83,142</u>	<u>2,488</u>
Excess of revenues over (under) expenditures	(7,180)	(4,522)	2,658
FUND BALANCE, JULY 1, 2005	<u>25,683</u>	<u>25,683</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 18,503</u>	<u>\$ 21,161</u>	<u>\$ 2,658</u>

BIG TRAIL ROAD
FUND

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments
Due from other funds

\$ 6,010
486

Total assets

\$ 6,496

FUND BALANCE

RESERVED FUND BALANCE

\$ 6,496

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 7,430	\$
Interest income	<u> </u>	<u>72</u>	<u> </u>
Total revenues	7,450	7,502	52
EXPENDITURES			
Maintenance	<u>7,450</u>	<u>5,062</u>	<u>2,388</u>
Excess of revenues over (under) expenditures		2,440	2,440
FUND BALANCE, JULY 1, 2005	<u>4,056</u>	<u>4,056</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 4,056</u>	<u>\$ 6,496</u>	<u>\$ 2,440</u>

WILLIAMS DRIVE
MAINTENANCE
FUND

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments

\$ 4,041

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 150

Due to other funds

1

Total liabilities

\$ 151

RESERVED FUND BALANCE

3,890

Total liabilities and fund balance

\$ 4,041

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Special assessments	\$	\$ 4,540	\$
Interest income	<u> </u>	<u>17</u>	<u> </u>
Total revenues	3,920	4,557	637
EXPENDITURES			
Maintenance	<u>3,915</u>	<u>667</u>	<u>3,248</u>
Excess of revenues over (under) expenditures	5	3,890	3,885
FUND BALANCE, JULY 1, 2005	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 5</u></u>	<u><u>\$ 3,890</u></u>	<u><u>\$ 3,885</u></u>

FISH LAKE
WEED CONTROL
FUND

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash

\$ 18,277

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable
Due to other funds

\$ 13,325
400

Total liabilities

\$ 13,725

RESERVED FUND BALANCE

4,552

Total liabilities and fund balance

\$ 18,277

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 16,277	\$
Interest	<u> </u>	<u> 94</u>	<u> </u>
Total revenues	16,520	16,371	(149)
EXPENDITURES			
Weed control projects	<u>16,480</u>	<u>14,145</u>	<u>2,335</u>
Excess of revenues over (under) expenditures	40	2,226	2,186
FUND BALANCE, JULY 1, 2005	<u>2,326</u>	<u>2,326</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 2,366</u></u>	<u><u>\$ 4,552</u></u>	<u><u>\$ 2,186</u></u>

TIPSICO LAKE
FUND

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash

\$ 121,444

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 23,500

RESERVED FUND BALANCE

97,944

Total liabilities and fund balance

\$ 121,444

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 46,051	\$
Interest	<u> </u>	<u>1,115</u>	<u> </u>
Total revenues	47,000	47,166	166
EXPENDITURES			
Maintenance	<u>60,100</u>	<u>74,416</u>	<u>(14,316)</u>
Excess of revenues over (under) expenditures	(13,100)	(27,250)	(14,150)
FUND BALANCE, JULY 1, 2005	<u>125,194</u>	<u>125,194</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 112,094</u></u>	<u><u>\$ 97,944</u></u>	<u><u>\$ (14,150)</u></u>

CEMETERY
FUND

TOWNSHIP OF ROSE
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments		\$ <u>46,461</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 800
Due to other funds	<u>4,576</u>

Total liabilities	\$ 5,376
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FUND BALANCE

Reserved for endowment	36,678
Unreserved	<u>4,407</u>

Total fund balance	<u>41,085</u>
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Total liabilities and fund balance	\$ <u>46,461</u>
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TOWNSHIP OF ROSE
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Lot sales and transfers	\$	\$ 12,290	\$
Charges for services		7,270	
Interest income		<u>1,740</u>	
Total revenues	<u>21,280</u>	<u>21,300</u>	<u>20</u>
EXPENDITURES			
Salaries		13,155	
Payroll taxes		1,006	
Repairs and maintenance		5,646	
Supplies and services		<u>624</u>	
Total expenditures	<u>20,850</u>	<u>20,431</u>	<u>419</u>
Excess of revenues over (under) expenditures	430	869	439
FUND BALANCE, JULY 1, 2005	<u>40,216</u>	<u>40,216</u>	
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 40,646</u></u>	<u><u>\$ 41,085</u></u>	<u><u>\$ 439</u></u>

CABLE

PEG

FUND

TOWNSHIP OF ROSE
CABLE PEG FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments	\$ 75,049
Accounts receivable - cable company	2,911
Due from other funds	<u>1,322</u>

Total assets

\$ 79,282

FUND BALANCE

FUND BALANCE

\$ 79,282

TOWNSHIP OF ROSE
CABLE PEG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Cable franchise fees	<u>\$ 10,100</u>	<u>\$ 10,770</u>	<u>\$ 670</u>
EXPENDITURES			
Salaries		4,300	
Payroll taxes		337	
Retirement		430	
Small equipment		<u>219</u>	
Total expenditures	<u>5,580</u>	<u>5,286</u>	<u>294</u>
Excess of revenues over (under) expenditures	4,520	5,484	964
FUND BALANCE, JULY 1, 2005	<u>73,798</u>	<u>73,798</u>	
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 78,318</u></u>	<u><u>\$ 79,282</u></u>	<u><u>\$ 964</u></u>

COMMUNITY
DEVELOPMENT
FUND

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Grant revenues	<u>\$ 18,314</u>	<u>\$ 18,104</u>	<u>\$ (210)</u>
EXPENDITURES			
Minor home repairs	<u>18,314</u>	<u>18,104</u>	<u>210</u>
Excess of revenues over (under) expenditures			
FUND BALANCE, JULY 1, 2005	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

LAKE
BRAEMAR
FUND

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments

\$ 66,598

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 575

RESERVED FUND BALANCE

66,023

Total liabilities and fund balance

\$ 66,598

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 17,040	\$
Interest income	<u> </u>	<u>670</u>	<u> </u>
Total revenues	17,450	17,710	260
EXPENDITURES			
Repairs and maintenance	<u>17,450</u>	<u>16,630</u>	<u>820</u>
Excess of revenues over (under) expenditures		1,080	1,080
FUND BALANCE, JULY 1, 2005	<u>64,943</u>	<u>64,943</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 64,943</u></u>	<u><u>\$ 66,023</u></u>	<u><u>\$ 1,080</u></u>

STREET
LIGHTING
FUND

TOWNSHIP OF ROSE
STREET LIGHTING FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments

\$ 976

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 85

Due to other funds

86

Total liabilities

\$ 171

RESERVED FUND BALANCE

805

Total liabilities and fund balance

\$ 976

TOWNSHIP OF ROSE
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$	\$ 950	\$
Interest income	<u> </u>	<u>8</u>	<u> </u>
Total revenues	955	958	3
EXPENDITURES			
Utilities	<u>955</u>	<u>994</u>	<u>(39)</u>
Excess of revenues over (under) expenditures		(36)	(36)
FUND BALANCE, JULY 1, 2005	<u>841</u>	<u>841</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u><u>\$ 841</u></u>	<u><u>\$ 805</u></u>	<u><u>\$ (36)</u></u>

INFRASTRUCTURE
FUND

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments
Due from other funds

\$ 15,558
16,716

Total assets

\$ 32,274

FUND BALANCE

FUND BALANCE

\$ 32,274

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Right of way fees	\$	\$ 7,682	\$
Interest income	<u> </u>	<u>3,347</u>	<u> </u>
Total revenues	10,700	11,029	329
EXPENDITURES			
Telecom act		9,500	
Capital outlay	<u> </u>	<u>218,419</u>	<u> </u>
Total expenditures	<u>229,900</u>	<u>227,919</u>	<u>1,981</u>
Excess of revenues over (under) expenditures	(219,200)	(216,890)	2,310
OTHER FINANCING SOURCES			
Transfer in	<u>9,000</u>	<u>9,000</u>	<u> </u>
Net changes in fund balance	(210,200)	(207,890)	2,310
FUND BALANCE, JULY 1, 2005	<u>240,164</u>	<u>240,164</u>	<u> </u>
FUND BALANCE, JUNE 30, 2006	<u>\$ 29,964</u>	<u>\$ 32,274</u>	<u>\$ 2,310</u>

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF ROSE
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments

\$ 508

LIABILITIES

LIABILITIES

Due to other funds

\$ 508

TRUST
AND
AGENCY
FUND

TOWNSHIP OF ROSE
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2006

ASSETS

ASSETS

Cash and investments
Due from others

\$ 63,090
454

Total assets

\$ 63,544

LIABILITIES

LIABILITIES

Performance bonds
Due to other funds

\$ 62,896
648

Total liabilities

\$ 63,544

TOWNSHIP OF ROSE

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED JUNE 30, 2006

September 28, 2006

Board of Trustees
Township of Rose
Rose Township Hall
204 Franklin Street
Holly, Michigan 48442

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Township of Rose for the year ended June 30, 2006, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency.

1. COMMENT

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2006 there were 3 individuals receiving these benefits. There are 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. In 2003 the Township eliminated the above policy for all new employees.

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2006 was \$21,922. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

RECOMMENDATION

The Governmental Accounting Standards Board has released Statement No. 45, Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. Upon implementation, an actuarial calculation will need to be completed once every three years to determine the Township's liability.

2. COMMENT

The Township is currently using a credit/debit card for general purchases. The Township has not officially adopted a policy for the use of the card.

RECOMMENDATION

The Township Board should adopt a policy for authorizing electronic transactions.

3. COMMENT

The Township's rental income from the leasing of land for the cell tower decreased in fiscal year 2005 - 2006 compared to fiscal year 2004 - 2005. According to the agreement rent income should have increased.

RECOMMENDATION

The lessee should be contacted for an explanation of why rent decreased.

This letter does not affect our report dated September 28, 2006, on the financial statements of Rose Township.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various Township personnel, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the information and use of the Township Board and is not intended to be and should not be used by any other party.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants